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CHINA WEAVING MATERIALS HOLDINGS LIMITED

中國織材控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3778)

DISCLOSEABLE TRANSACTION: DISPOSAL OF CERTAIN LAND AND PROPERTY

THE SP AGREEMENT

The Board wishes to announce that after trading hours on 5 January 2026, the Vendor, a wholly-owned subsidiary of the Company, entered into the SP Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the Target, which shall be free from encumbrances and third party rights, at a cash consideration of RMB45,027,153.

The Target comprises 8 parcels of land with a total area of 215.8 mu (approximately 143,867 sq metres) and premises erected on that land with a total floor area of approximately 37,074 square metres, situated in the Fengxin Industrial zone, Fengxin County, Jiangxin Province, PRC.

Upon Completion, the Group will cease to have any interest in the Target.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the SP Agreement and the transaction contemplated thereunder, is or are more than 5% and less than 25%, the SP Agreement and the transaction contemplated thereunder constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements thereunder.

The principal terms of the SP Agreement are set out below:

THE SP AGREEMENT

Date: 5 January 2026

Parties

Vendor: Jiangxi Jinyuan, a wholly-owned subsidiary of the Company

Purchaser: Jiangxi Fengxin Industrial Zone Development Company Limited

Subject Matter

The Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the Target which shall be free from encumbrances and third party rights at a cash Consideration of RMB45,027,153.

Consideration and Payment Term

The Consideration for the Disposal payable by the Purchaser to the Vendor is RMB45,027,153 and shall be payable by the Purchaser to the Vendor in the following manner:

- (1) RMB4,502,175, representing ten per cent. (10%) of the Consideration, shall be paid by the Purchaser to the Vendor within 5 Business Days after signing of the SP Agreement as a deposit; and
- (2) RMB40,524,438, representing the remaining balance (90%) of the Consideration, shall be paid by the Purchaser to the Vendor within 5 Business Days after upon delivery of title documents and vacant procession of the Target.

The Consideration shall be settled by the Purchaser in cash.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms principally with reference to the valuation performed by the Purchaser.

Conditions for Completion

Completion shall be conditional upon the fulfillment of the following conditions:

- (1) the Vendor being the legal and beneficial owner of the Target free from all encumbrances;
- (2) the Vendor being able to show and give a good title to the Target in accordance with PRC laws and regulations as contemplated under the SP agreement;

- (3) the Vendor being able to deliver vacant possession of the Target to the Purchaser;
- (4) the Vendor being able to register the transfer of titles of the Target in accordance with the instructions of the Purchaser; and
- (5) all compliance requirements as may be required under the Listing Rules relating to the transactions contemplated under the SP Agreement having been duly complied with by the Company.

In the event that any of the Conditions for Completion is not fulfilled on or before 31 December 2026 (or such other date as the Vendor and the Purchaser may agree in writing), the Vendor shall refund all monies paid by the Purchaser (without interest) to the Purchaser within five (5) Business Days in which event the parties shall have the right to terminate the SP Agreement.

Completion

Subject to the fulfilment of all the above Conditions for Completion.

INFORMATION ON THE TARGET

The Target comprises 8 parcels of land with a total area of 215.8 mu (approximately 143,867 sq metres) and premises erected on that land with a total floor area of approximately 37,074 square metres, situated in the Fengxin Industrial zone, Fengxin County, Jiangxin Province, PRC. The total floor area is utilized as workshop, boiler facilities, sewage processing facilities, warehouses and auxiliary building and infrastructures.

The unaudited book value of the Target as at 31 December 2025 were estimated to be approximately RMB41.0 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As at the date of this announcement, the Group is principally engaged in the business of manufacturing and trading of yarn products and related raw materials. The Target was the principal assets of the staple fibre manufacturing division of the Group, the operation of which was discontinued in 2022. Since then, the Target was redeployed to the yarn manufacturing business for supportive functions. However, since the Target was geared to the manufacturing operation of staple fibre, the contribution to the yarn manufacturing division has been limited since its redeployment.

It is expected that the Group will record a net book gain of approximately RMB4.0 million from the Disposal, which is calculated with reference to the difference between (a) the Consideration and (b) the estimated unaudited net book value of the Target as at 31 December 2025. The actual amount of gain or loss as a result of the Disposal to be recorded by the Company will be subject to the review and final audit by the auditors of the Company. It is expected that the net proceeds from the Disposal will be used for general working capital of the Group.

In light of the estimated gain that may be recorded by the Company from the Disposal, the Directors consider the Disposal, if materialised, represents an opportunity for the Group to realise the value of the Target so as to enable the Group to re-allocate more financial resources on its principal businesses.

The terms of the SP Agreement were determined after arm's length negotiations between the parties thereto and the Directors are of the view that the terms of the SP Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the SP Agreement and the transaction contemplated thereunder is or are more than 5% and less than 25%, the SP Agreement and the transaction contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements thereunder.

INFORMATION ABOUT THE PURCHASER

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules), and are not Connected persons of the Company.

Based on information provided by the Purchaser and publicly available, the Purchaser is a company incorporated in the PRC with limited liability and the ultimate beneficial owner is the Peoples' Government of the Fengxin County, Jiangxi, PRC. The Purchaser was established by the People's Government of the Fengxin County, Jiangxi, PRC to manage the land and infrastructure resources of the Fengxin Industrial Zone of the Fengxin County, Jiangxi, PRC.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors of the Company
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong and any date on which a tropical cyclone warning No. 8 or above or a “black” rainstorm warning is hoisted at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for business

“Company”	China Weaving Material Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on The Stock Exchange of Hong Kong Limited
“Completion”	completion of the Disposal in accordance with the terms and conditions of the SP Agreement
“Condition(s) for Completion”	the condition(s) for Completion as set out in the paragraph headed “Conditions for Completion” under the section headed “The SP Agreement” in this announcement
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the sum of RMB45,027,153, being the purchase price payable to the Vendor for the Target under the SP Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Target pursuant to the terms and conditions of the SP Agreement
“Group”	the Company and its subsidiaries
“Jiangxi Jinyuan”	Jinyuan Textile Company Limited, Jiangxi, a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Percentage Ratios”	the percentage ratios which have the meanings as ascribed to it under Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Jiangxi Fengxin Industrial Zone Development Company Limited, a company incorporated in the PRC with limited liability and the ultimate beneficial owner is the Peoples’ Government of the Fengxin County, Jiangxi, PRC.

“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SP Agreement”	the sale and purchase agreement dated 5 January 2026 entered into between the Vendor and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	8 parcels of land with a total area of 215.8 mu (approximately 143,867 sq metres) and premises erected on that land with a total floor area of approximately 37,074 square metres, situated in the Fengxin Industrial zone, Fengxin County, Jiangxin Province, PRC
“Vendor”	Jiangxi Jinyuan
“%”	per cent

By Order of the Board
China Weaving Materials Holdings Limited
Cheung Chi Fai Frank
Company Secretary

Hong Kong, 5 January 2026

As at the date of this announcement, the Board comprises Mr. Zheng Yongxiang as the executive Director; Mr. Zheng Hong as the non-executive Director; and Ms. Chow Sin Yee Caroline, Mr. Xu Yiliang and Mr. Wong Tak Shing as the independent non-executive Directors.